

CALIFORNIA ASSOCIATION OF PORT AUTHORITIES

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Submitted Electronically Via Website

July 6, 2016

Secretary Brian Kelly
California State Transportation Agency
915 Capitol Mall, Suite 350 B
Sacramento, CA 95814

Secretary Matthew Rodriquez
California Environmental Protection Agency
1001 I Street
Sacramento, CA 95814

Secretary John Laird
California Natural Resources Agency
1416 Ninth Street, Suite 1311
Sacramento, CA 95814

Dear Secretaries Kelly, Rodriquez, and Laird:

The California Association of Port Authorities (CAPA), which is comprised of the state's eleven publicly-owned ports, appreciates the opportunity to provide comments on the Draft Sustainable Freight Action Plan (SFAP or the Plan). Through education and advocacy, CAPA promotes the interests of our state's seaports, including policy priorities focused on increasing port competitiveness, improving freight infrastructure and efficiencies, and developing innovative environmental quality and energy programs.

California is home to the most productive system of ports in the nation; including three of America's largest container ports and a diverse system of niche ports located along the coast from San Diego to Humboldt Bay, and on inland waterways in West Sacramento and Stockton. Together, our ports serve as gateways to our freight system; a system responsible for one-third of the state's economy and jobs, with freight-dependent industries accounting for over \$700 billion in revenue and more than 5 million jobs.

Our ports form an integral link in our freight transportation system, a complex supply chain that includes shippers, vessel and terminal operators, organized labor, railroads, truckers,

warehousing facilities, intermodal hubs, third-party logistics providers, and more. The efficient operation of this “system-of-systems” is critical to many industry sectors and vital to our local, state and national economies.

In addition to facilitating trade, California ports also provide non-cargo related services, such as ferry operations, passenger cruise line services, tourist attractions and entertainment, restaurant and hotel accommodations, recreational harbors and marinas, commercial fishing facilities, and parks and open space.

All of California’s ports are enterprise districts; they do not rely on tax revenue, but rather operate on business-generated funds – true public-private partnerships. They serve as critical economic engines and at the same time are leading the nation and the world in developing environmentally-friendly port operations. We are proud of our ports’ efforts as environmental stewards and of the tremendous air quality improvements achieved by the freight industry over the last decade. Many of our ports have adopted clean air plans, and our niche ports as well as our larger facilities, are making significant strides in improving air quality. Since 2005, our largest ports report emissions reductions on the order of 80% in particulate matter, 90% in SOx, and 50% in NOx.

It is important as the state embarks on this ambitious planning process, that your agencies recognize the differences between our various public port authorities. One size does not fit all. The type and volumes of import and export cargo arriving in California vary tremendously from port to port, and similarly, the environmental and emissions concerns associated with port activities vary tremendously. Problems faced by one port – and potential related solutions – are not necessarily the same or even similar at another port. Yet each has undertaken efforts to reduce emissions on a scale and through strategies appropriate to their operations.

We commend the Governor for the interagency approach espoused in Executive Order B-32-15; recognize the extensive outreach, collaboration, and effort undertaken by the state agencies to develop the Plan; and appreciate the many public forums and other opportunities for input afforded by the implementing agencies. Our Association, and a number of our individual member ports, actively participated in the public process employed during the development of the draft SFAP.

We believe the objectives identified in the Governor’s Executive Order can be achieved most effectively through collaboration. We look forward to continuing to work closely with the state, the freight industry, environmental organizations, and community stakeholders as the Plan is further refined and as related recommendations are developed into specific proposals. We offer the following comments in the spirit of partnership.

Executive Summary

The Governor’s Executive Order calls for the establishment of clear targets for three principal components of an integrated action plan: the improvement of freight efficiency, the transition to zero-emission technologies, and an increase in competitiveness of California’s

freight system. The Executive Summary provides an excellent opportunity to assure that all three of these objectives are clearly identified. Perhaps of equal importance, the Summary can assure stakeholders that all three components of the Plan will be seriously considered.

The competitiveness component appears as a secondary consideration, however; ancillary to “a more efficient and less polluting freight transport system.” While our members agree that emissions reductions and efficiency are critical, we also believe that competitiveness is an indispensable component of a sustainable freight system. Remaining competitive is critical to achieving our efficiency and environmental goals. Competitiveness should be given greater attention as part of an integrated plan to achieve the objectives of the Executive Order.

The Executive Summary could serve as a clear signal to freight system owners and operators, as well as the users of the system, that the state is not only serious about emissions reductions, but also about retaining business, improving the economic climate, and increasing California’s competitiveness.

I. California’s Freight Transport System in 2030 and Beyond

CAPA appreciates a number of the bulleted headings identified in this section, including *Preserving and enhancing freight infrastructure*, *Increasing system efficiency and capacity*, and *Reducing exposure to air toxics*. The bullet *Supporting economic competitiveness* would benefit from a somewhat more full and robust explanation; and the bullet on *Completing economic analysis* should not be limited to analyses of regulatory development.

While the state has a long history of employing well-established studies and metrics for emissions management and for traditional infrastructure development, economic analyses relating to the freight sector and competitiveness is largely lacking. Economic impact analyses should continue as a requirement during the regulatory proposal process; but the addition of broader, more comprehensive economic analyses of the freight sector would provide critical understanding. We strongly encourage the Plan to include a credible and comprehensive economic study, to be completed as soon as is possible.

The *System Efficiency Target* identified in the Plan does not fully or accurately reflect system efficiency or provide a sound basis for evaluating measurable improvements over time. The value of GDP in relation to carbon production does not provide a comprehensive or meaningful metric for freight efficiency. This target should be revised at the minimum to also include such factors as system throughput, capacity, reliability, velocity, and cost.

The *Economic Growth Target*, similarly, does not include a measureable target at all. The Plan identifies “*working with industry to lessen immediate potential negative economic impacts*” which, while important, is not a Growth Target. Limiting the negative effects of the Plan’s implementation is critical; but it represents neither a Growth Target nor an ambitious effort to assure the health and vitality of this important sector of our economy.

During the deliberative process of drafting of the SFAP, the *25% System Efficiency Target*, and the *100,000 Zero Emission Technology Target* were both identified as aspirational goals. A similarly ambitious and well-defined *Economic Growth Target* should be identified in the Plan, perhaps based on market share, job creation, expansion, cargo volume or other relevant factors.

II. Investing in California's Freight Transport System

CAPA greatly appreciates the need for state and federal funding discussed in this section of the Plan, and supports related efforts to secure such funding. We support infrastructure funding priorities including major trade corridors, first-and-last mile connectors, and intermodal facilities. We believe there is a greater role for the state to play in securing additional federal dollars and look forward to a further exploration of how the state can help assure California receives its fair share of federal revenue for both infrastructure development and environmental benefit.

We believe that freight transportation funding for infrastructure development and clean technologies development and deployment will be absolutely critical to meeting our environmental, efficiency, and competitiveness goals. CAPA commends the Plan for highlighting Proposition 1B and the related and very successful Trade Corridors Improvement Fund (TCIF) program, which identified and built consensus for key infrastructure investments and also leveraged significant federal, local, and private investment in our freight system. The Goods Movement Emission Reduction Program (GMERP), administered by the Air Resources Board (ARB), similarly provided significant and important investment in freight-related emissions reductions efforts.

We support directing federal Fixing America's Surface Transportation (FAST) Act revenue through the state's TCIF program, and dedication of this funding towards a prioritized project list, as included in the California Freight Mobility Plan (CFMP). Furthermore, we support the allocation of appropriate funds, such as Cap and Trade revenue, through the GMERP to fund transition to cleaner equipment.

III. State Agency Actions and Pilot Projects

We support a number of the efforts and initiatives discussed in this section, and that are further detailed in Appendix C of the Plan, including the development of funding solutions for freight infrastructure and FAST Act distributions (as mentioned above); a focus on infrastructure planning and investment in modern freight corridors; the acceleration of clean vehicle and equipment technologies, and the allocation of funds necessary to facilitate that acceleration; potential state involvement in bulk purchasing of equipment and aggregation to drive down new equipment costs; the development and deployment of intelligent transportation system enhancements; and the convening of stakeholders for developing competitiveness strategies, freight efficiency strategies, and workforce development efforts. As details of these State Actions are further developed, we request that California ports continue to be included in the process.

We strongly support efforts to identify regulatory and permitting process improvements to expedite the delivery of projects that meet the objectives of the Plan, and suggest that additional adjustments may be necessary to the SB 743 guidelines if freight infrastructure projects are to avoid unnecessary cost and delay.

We also support the “Advanced Technology for Truck Corridors” pilot project and encourage the identification of funding sources for the project’s development and implementation.

We remain concerned with a number of the State Agency Actions discussed in the Plan. CAPA believes that state-level freight transportation planning should begin with local and regional planning efforts and that the state should continue to respect the historic role of local jurisdictions in land use planning. Furthermore, with respect to potential rules and regulations, we are concerned that these strategies could be structured so as to prevent ports from accessing much needed grant funding.

For example, our members are particularly concerned that the *Freight Hub Data Collection* action identified in the Plan could lead directly to emissions performance targets and related regulation for freight facilities, including facilities such as ports. In addition to loss of grant funding, we may encounter implementation issues as our members neither own nor operate the mobile sources that call at our facilities and we have neither regulatory authority nor control over those emissions sources. We respectfully request that the *Freight Hub Data Collection* section be removed from the Plan and that the final Plan exclude any reference to concepts such as facility-based caps or facility-related performance targets.

A number of our member ports have also submitted comments on the Draft Sustainable Freight Action Plan and we incorporate support for their comments by reference in this letter. In addition, CAPA is a signatory to the Industry Comments on the Draft Sustainable Freight Action Plan document, and we respectfully request your careful consideration of the issues raised in that submittal.

Again, we appreciate the opportunity to provide comments on the Draft Sustainable Freight Action Plan and look forward to working with you, your good offices, and the other state entities tasked with this ambitious endeavor, as the plan is further developed. If you have any questions or would like to further discuss any of these or other comments, please do not hesitate to contact me.

Thank you.



Tim Schott
Executive Director